

LEGISLATIVE UPDATE

108th Legislature



May 26, 2023

As the 2023 Legislative Session draws to a close, the Legislature is putting the finishing touches on a number of major legislative issues. During the past week, the Legislature gave final approval to a package of tax relief and school funding measures (LB 243, LB 583 and LB 754), passed a significant rural workforce housing bill (LB 191), advanced a criminal justice reform measure (LB 50) to the final stage of debate and a Voter ID proposal (LB 514) to Select File. Governor Pillen also issued his line-item vetoes which are designed to save \$94.2 million in General Funds and \$87 million from the state's Cash Reserve Fund over the next four years.

On deck for the final full week of the session is second round debate on LB 514, consideration of overrides of Gubernatorial vetoes and action on the remaining bills on Final Reading.

GOVERNOR WIELDS VETO PEN

Governor Pillen exercised his line-item veto authority to cut more than \$140 million in proposed spending over the next two years. Among the Governor's vetoes were more than \$45 million in increases for Medicaid provider rates and \$40 million in rural workforce housing and middle-income housing funding.

The Appropriations Committee, on a divided 5-4 vote, has recommended overrides of the Medicaid provider rates and rural workforce housing and middle-income housing vetoes, as well as vetoes of proposed salary increases for state legislative staff and funding for additional staff for the State Auditor's office.

Contacts with your state senator are needed to urge the override of workforce housing vetoes. A "Background Paper" setting forth additional information and talking points accompanies this *NBA Legislative Update* for your assistance in contacting members of the Legislature.

PACKAGE OF TAX RELIEF BILLS SENT TO GOVERNOR

The Legislature on Thursday gave final approval to a series of bills that will provide property tax relief (LB 243) and income tax relief (LB 754). The two tax relief bills, combined with Governor Pillen's proposal to increase state aid to schools, will provide approximately \$6.4 billion in tax relief over the next six years.

LB 243, in part, will increase state tax credits provided against property tax payments and provide state funding for the state's six community colleges, taking this funding off the local property tax rolls.

LB 754 will reduce the maximum individual income tax rate from 6.84% to 3.99%, reduce the maximum corporate income tax rate from 7.25% to 3.99% over the next five years, as well as phase out state income taxes on social security benefits and certain federal pension payments, among other things.

Also sent to the Governor for signature was LB 583. The legislation will use funding from a \$1 billion Education Future Fund contained within the state budget bill to provide \$1,500 per student in foundation aid and help cover 80% of special education costs.

RURAL WORKFORCE HOUSING BILL APPROVED

Lawmakers gave final approval to LB 191, which contains provisions of original LB 249, which was introduced by Senator Tom Briese (Albion) and the priority bill of Senator Teresa Ibach (Sumner). The

provisions of LB 249 would allow a nonprofit development organization to apply for more than one grant subject to a limitation on the maximum amount of grant funds awarded to such nonprofit development organization over a two-year period to no more than \$5 million.

Prior to its amendment into LB 191, provisions in LB 249 to remove “anti-stacking” provisions prohibiting the mixing of certain low-income housing funds with rural workforce housing funds (removal of which was opposed by the NBA), were dropped from the bill.

REVENUE PRIORITY BILL GETS SECOND ROUND APPROVAL

The Legislature gave second-round approval to LB 727 on Tuesday. Introduced by Senator Lou Ann Linehan (Elkhorn) and designated as a Revenue Committee priority bill, the bill originally provided a sales tax exemption for certain purchases by the state and other public entities. The bill had previously been amended to incorporate provisions of an additional 25 tax-related bills. As advanced to Final Reading, LB 727 addresses, in part, the following bills, which were supported by the NBA.

1. Rural Workforce Housing - The provisions of this bill would reduce the matching funds requirement under the Nebraska Rural Workforce Housing Act from one-half to one-quarter of the amount of workforce housing grant funds awarded. (LB 213)
2. Inheritance Tax Reporting - The provisions of this bill would require petitioners in an inheritance tax determination to report information regarding the amount of inheritance tax revenue generated and the number of persons receiving property subject to the inheritance tax to the County Treasurer of the county in which the inheritance tax determination was conducted. (LB 97)

Prior to advancing the bill to Final Reading, the Legislature eliminated some provisions and modified others to reduce the fiscal impact of the measure to fit within the budget parameters.

NBA SUPPORTED BILL ADVANCES

A bill on the NBA Affirmative Legislative agenda has been added as an amendment to LB 157, a bill relating to temporary guardians, which has been designated as a priority bill by the Planning Committee. Following adoption of the amendment, the bill was advanced to Select File.

The provisions of LB 330, introduced by Senator Wendy DeBoer (Omaha), which have been incorporated into LB 157, would change provisions relating to small estate affidavits and the negotiation of checks made payable “to the estate of” by authorizing a financial institution to accept such a check endorsed by the successor named in a small estate affidavit. This clarification in the law will avoid the need to have a new check issued by the drawer of the check under such circumstances.

CONTACTS NEEDED!
URGE OVERRIDE OF WORKFORCE HOUSING VETOES

ISSUE: GOVERNOR VETO OF WORKFORCE HOUSING FUNDING

ACTION: ENCOURAGE SUPPORT FOR MOTION TO OVERRIDE VETO

BACKGROUND:

Governor Pillen has vetoed \$40 million for funding for rural workforce housing and middle-income housing. The motion to override will be taken up by the Legislature on Wednesday, May 31.

CONTACT YOUR STATE SENATOR IMMEDIATELY TO ASK THEM TO SUPPORT THE RURAL WORKFORCE HOUSING AND MIDDLE-INCOME HOUSING FUNDING VETO OVERRIDES.

In contacting your state senator, please consider using the following arguments:

1. Appropriate housing availability is a continuing problem in Nebraska. From workforce housing to affordable housing, this shortage negatively impacts communities throughout the state. Community efforts to provide housing for workers are hampered when development costs outpace sales prices and builders can't afford to meet specific housing needs.
2. Rural workforce housing and middle-income housing projects have been a great success, have provided a strong return on investment for the state and local communities and should receive continuing support. These public/private partnerships utilize state resources and significantly compound their impact at the local level.
3. Rural workforce housing and middle-income housing projects provide an opportunity for private and public entities to join together to create appropriate housing that creates a positive climate in which their communities can thrive.

PLEASE CONTACT YOUR SENATOR TODAY TO ASK THEM TO SUPPORT THE RURAL WORKFORCE HOUSING AND MIDDLE-INCOME HOUSING FUNDING VETO OVERRIDES.

E-MAIL YOUR STATE SENATOR

In contacting your state senator, you may contact them via e-mail by using the **First** letter of their **First** name; their **last name @leg.ne.gov** (EX: rclements@leg.ne.gov or mjacobson@leg.ne.gov).

Check out the Unicameral's website for senator contact information:
http://www.nebraskalegislature.gov/senators/senator_list.php

VIA U.S. POSTAL SERVICE:

All senators have the same PO Box number, City, State and Zip Code.

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